

**Amendments to the Specification:**

Please delete the paragraph on page 1 under the heading "Reference to Related Applications" and replace with the following:

This application is related to co-pending commonly assigned application no. 09/991,762 entitled "Analyzing Investment Data," Attorney Docket No. 1698/US (formerly 11401.00), filed on November 21, 2001, which is hereby incorporated by reference in its entirety.

Please replace the paragraph at line 10, page 6, with the following paragraph:

In one example, the probability of loss method includes assigning a base probability of loss to the loan and obtaining at least one characteristic of the loan. Then, a probability factor to account for the characteristic of the loan is determined and added to the base probability factor. The characteristics of the loan for which probability factors may be added to the base probability factor include the delinquency status of the loan (e.g., current, 30 days delinquent, 60 days delinquent, 90 days delinquent, first month of foreclosure proceedings, more than one month after the start of foreclosure proceedings, real estate owned, and realized loss), the current loan to value ratio (CLTV) for the loan, the loan type, the property type, any bankruptcy associated with the loan, whether the loan is a low document loan or a FICO loan, whether there is a property issue associated with the loan, whether there was an early payment default, the financing of the loan, and ~~whether~~ whether there was an exception in the underwriting process.

Please replace the paragraph at line 17, page 16, with the following paragraph:

Fig. 5 is a flowchart illustrating a method for estimating a loss from a foreclosure on a mortgage loan according to one aspect of the present invention. The loss estimate is generally an estimate of the net proceeds from selling the property less an estimate of the total debt and costs for the mortgage loan. To estimate the net proceeds from the sale of a property associated with a mortgage loan, first the value of the property associated with a mortgage loan in the loss list is estimated (operation 502). In one example, the most accurate predictor of the sales price for the property on the open market is used to ~~estimated~~ estimate the value of the property. For example, if property associated with a mortgage loan in the loss list has already been foreclosed and sold, then the actual sales price for the property is used to estimate the value of the property. Next, the net proceeds resulting from the sale of property is estimated

(operation 504), which is preferably a function of the estimated value of the property and the expenses and costs related to selling the property.

Please replace the paragraph at line 3, page 38, with the following paragraph:

Finally, if the mortgage loan purpose is not known, then the eighth probability of loss factor is set to zero, which is added to the probability of loss (operation 1276). Referring to the hypothetical, for an equity refinancing the interim probability of loss is: 0 (base probability) + 10 (first probability factor for 60 days delinquent) + 10 (second probability factor for  $75 < \text{CLTV} < 100$ ) + 15 (third probability factor for subprime loan) – 5 (fourth probability factor for second home) + 0 (fifth probability factor for no bankruptcy proceedings) + 5 (sixth probability factor for low document loan) + 5 (seventh probability factor for early payment loss) + 2.5 (~~eighth~~eight probability factor for equity refinancing) = 42.5.

Please replace the paragraph at line 25, page 38, with the following paragraph:

If there are no underwriting exceptions, then the ninth probability of loss factor is set to negative five (–5), which is added to the probability of loss (operation 1280). A mortgage loan without underwriting exceptions indicates that the mortgagor's loan application and supporting documents were reviewed, and it was found that, without exception, the lender obtained and verified all information upon which the decision to make the mortgage loan was based. A lower probability of loss than the base case is indicated because the base case assumes that all mortgage loans have some underwriting risk, a file that has been proven to have no underwriting risk is even less likely than the base case to result in loss. In the base case, the probability of loss factor for a mortgage loan is neither increased nor decreased, in other words 0 is added for underwriting exceptions (operation 1282), as it is assumed that all loans have some underwriting risk, and only those loans where the credit risk manager or servicer has performed a review and is aware of a specific risk, or has performed a review and has proven that there were no underwriting flaws for a particular loan, are adjusted for the risk or for the proof that there is no identifiable underwriting exception. Referring to the hypothetical, for a mortgage loan with underwriting exceptions the probability of loss is: 0 (base probability) + 10 (first probability factor for 60 days delinquent) + 10 (second probability factor for  $75 < \text{CLTV} < 100$ ) + 15 (third probability factor for subprime loan) – 5 (fourth probability factor for second home) + 0 (fifth probability factor for no bankruptcy proceedings) + 5 (sixth probability factor for

Appl. No. 09/992,348  
Amt. dated February 21, 2007  
Reply to Office action of Jan. 22, 2007

low document loan) + 5 (seventh probability factor for early payment loss) + 2.5 (~~eight~~eightth probability factor for equity refinancing) + 10 (ninth probability factor for underwriting exceptions) = 57.5.